

ITEM: MPAC 01 03/2024

OFFICE OF THE MUNICIPAL MANAGER: *DRAFT ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023*

(10/2/1/1) (GR) (MPAC MEETING: 05 MARCH 2024)

The Municipal Manager reports as follows:

Council in its sitting of December 2023, referred the draft annual report to the Municipal Public Accounts Committee for oversight report.

The draft annual report was also published on 21 December 2023 for comments for 21 days. No written public comments were received.

Subsequently the MPAC sat on 05 March 2024 to consider the draft annual report as well as resolved on its oversight report.

Section 129 of the Municipal Financial Management Act, 56 of 2003(MFMA) requires the council to consider the annual report and to adopt an oversight report.

In consideration, MPAC was satisfied with the annual report, including the annual performance report and the audited financial statements. It also considered that the public did not make further inputs.

The MPAC oversight report is attached as **annexure 1.(MPAC OVR 1 – MPAC OVR 8)**.

The draft annual report is bounded separately.

The Municipal Manager recommends as follows:

RECOMMENDATIONS

- 1. Council to consider the draft annual report.**
- 2. Council to consider the oversight report by MPAC.**
- 3. Council to approve the 2022/2023 draft annual report without reservations.**



RESOLVED

- 1. Council noted the draft annual report.**
- 2. Council approved the oversight report by MPAC.**
- 3. Council approved the 2022/2023 annual report without reservations.**

A handwritten signature in black ink, consisting of a large loop at the top and several overlapping strokes below.

FRANCES BAARD DISTRICT MUNICIPALITY



MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC) OVERSIGHT REPORT ON THE 2022/2023 ANNUAL REPORT

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1. INTRODUCTION

In accordance with the provisions of Section 79 (1) (a) (b) and (c) of the Municipal Structures Act 117 of 1998 as amended, a municipality may establish one or more committees necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers and appoint the members of such committee from among its members. Furthermore Section 79 (2) of the Municipal Structures Act, 1998 provides the framework and guidelines within which such committees of council shall operate.

During the 2009 Association of Public Accounts Committee (APAC) Conference a resolution was taken stating that the Conference supports the establishment of Municipal Public Accounts Committees (MPACs) in each municipality in the country as part of improving financial management and accountability at local level.

Thus, in order to enhance, promote and consolidate the oversight role of the Council over the executive, the Department of Cooperative Governance, Human Settlements and Traditional Affairs having consulted the National Treasury and SALGA, has instructed that all municipalities to establish MPACs. The focus of the MPAC will be to assist Council to hold the executive to account and to ensure the effective and efficient use of municipal resources.

The 2022/2023 annual report was tabled to Council on 13 December 2023 in compliance with Section 127 (2) of the Municipal Finance Management Act, 56 of 2003.

2. MPAC COMMITTEE

An MPAC Committee was established by Council resolution COUN 01 11/11 in terms of section 79 of the Municipal Structures Act, 117 of 1998 as amended. The Committee consists of:

Cllr K Molale	MPAC (Chairperson)
Cllr RV Raphoto	Policy & Institutional Development Committee
Cllr CC Lewis	Finance Committee
Cllr TE Joubert	Planning and Development Committee
Cllr TG Diloke	Infrastructure Development Committee
Cllr JG Diphahle	Policy & Institutional Development Committee
Cllr TM van Wyk	Social Development Committee
Cllr E Davies	Social Development Committee
Cllr EK Adams	Planning and Development Committee

The MPAC Committee met on Tuesday, 05 March 2024 to consider the annual report. The committee considered the draft annual report for 2022/2023 according to a checklist provided by National Treasury in MFMA Circulars No. 11, 32 and 63 for this purpose. This report details the findings of the committee.

3. REVIEW / ANALYSIS OF ANNUAL REPORT

3.1 Review of annual report as per the checklist

The annual report did not follow the template as provided by National Treasury verbatim. The template was created with the local municipalities in mind and district municipalities had to adjust the template to include their activities and functions. The district municipality does not have wards and entities and does not provide direct services to the community. Therefore, all areas pertaining to these activities were omitted from the template that the district municipality used to outline its organisational and financial performance.

The annual report has been assessed according to the checklist as follows:

No	Question	Yes	No	Comments
1.	Was the annual report submitted to the Auditor-General, together with the annual financial statements by, the 31st August?			The annual report is submitted to the AGs Office upon request during the external audit process.
CHAPTER 1				
2.	Does Chapter 1 of the annual report include: The Mayor's/Executive mayor's foreword, – The municipal manager's foreword, – Municipal overview?	✓		
CHAPTER 2				
3.	Does Chapter 2 of the annual report include the Governance Structures, both Political and Administrative?	✓		
4.	Does Chapter 2 of the annual report include details of Intergovernmental relations?	✓		
5.	Does Chapter 2 on Governance in the annual report include details on all public accountability and public participation meetings and the IDP participation & alignment?	✓		
6.	Does Chapter 2 on Governance in the annual report address risk management issues?	✓		
7.	Does Chapter 2 of the annual report address anti-corruption and fraud?	✓		
8.	Does Chapter 2 on Governance in the annual report address supply chain management issues?	✓		
9.	Does Chapter 2 on Governance in the annual report address By-laws?		✓	This year under review no bylaws were developed / reviewed.

No	Question	Yes	No	Comments
10.	Does Chapter 2 on Governance in the annual report address the website(s) where information is available?	✓		
11.	Does Chapter 2 on Governance in the annual report share information on public satisfaction on municipal services?		✓	No survey conducted recently. Public inputs obtained through other platforms / meetings
12.	Does Chapter 2 in the annual report address the municipal oversight committees?	✓		Audit committee report for the financial year included
CHAPTER 3				
13.	Does Chapter 3 in the annual report demonstrate what service delivery has been achieved and what is outstanding?	✓		
14.	In Chapter 3 of the annual report, are the service delivery issues structured, captured and reflected under each priority as contained in the IDP to allow for easy comparisons on achievements against budget and SDBIP?	✓		
CHAPTER 4				
15.	Does Chapter 4 of the annual report provide information pertaining to the implementation of an effective performance management system, organisational development and performance of the municipality?	✓		
16.	Does Chapter 4 of the annual report provide information on planning, service delivery, organisation, job evaluation, remuneration, benefits, personnel expenditure, affirmative action, recruitment, promotions, termination of services, performance management, skills development, injury on duty, labour relations, leave and discharge due to ill-health?	✓		
17.	Does Chapter 4 of the annual report provide information to identify skills gaps and plans for the development of such skills?	✓		See skills development table on page 103
CHAPTER 5				
18.	Has Chapter 5 of the annual report on financial performance include information divided into the following framework: a) Statement of financial performance b) Spending against Capital budget	✓		

No	Question	Yes	No	Comments
	c) Cash flow management and investment d) Other financial matters?			
CHAPTER 6				
19.	Does Chapter 6 of the annual report include the Auditor-General's Report as submitted by the Auditor-General?		✓	Included in the AFS
20.	Does Chapter 6 of the annual report include details on issues raised during the previous financial year by the Auditor-General?	✓		
21.	Does Chapter 6 of the annual report include remedial action taken to address issues raised during the previous financial year by the Auditor-General and preventative measures?	✓		When applicable
APPENDICES				
22.	Is an Appendix A on Councillors; Committee allocation and council attendance included?	✓		
23.	Is an Appendix B on Committee and Committee purpose included, listing all committees of the council, the purpose of each committee and the names of councillors serving on them and the attendance of each councillor?	✓		Appendix A (pg. 124) includes names of councillors and the committees they serve on, while appendix B includes the purpose of committees.
24.	Is an Appendix C include an organogram of the administrative structure?		✓	The administrative structure is included in chapter 2.
25.	Is an Appendix D included on what constitutes a municipal function and the applicable functions of the municipality?	✓		Is listed as appendix C (pg. 126)
26.	Is an Appendix E on Ward reporting included with information on the functions of ward committees, the sector of community representation, reports submitted by each of these committees' challenges experienced and measures taken to address them?		✓	FBDM does not have wards
27.	Is an Appendix F on Ward information included outlining the name/number of the ward, listing the seven largest projects in each ward with start & end		✓	FBDM does not have wards

No	Question	Yes	No	Comments
	dates, their total value, progress and information on the top four delivery priorities per ward?			
28.	Is an Appendix G included on recommendations of the audit committee, those adopted, those that were not adopted and the meetings held?	✓		Included as appendix D
29.	Is an Appendix H included on information related to the largest projects, agreements and contracts and any Public, Private Partnerships?		✓	FBDM does not have long-term contracts or public/private partnerships to be listed
30.	Is an Appendix I include service provider performance schedule from the top four priority indicators in the IDP?		✓	FBDM does not have entities
31.	Is an Appendix J included with senior managers' disclosures of financial interest?	✓		Included as appendix E (pg. 129)
32.	Is an Appendix K included on Revenue collection by votes and by source based on prior year and current year actual collections?	✓		Included as appendix F(i) (ii) (pg. 129 – 130)
33.	Is an Appendix L included on Conditional Grants received (excluding MIG) received during the year indicating adjustments budget and the actual, showing percentage variances and any major conditions applied by donors on each grant?	✓		Included as appendix G (pg. 131)
34.	Is an Appendix M included on capital expenditure: a) On new assets programme, b) On upgrade/renewal programmes Showing the actual of the prior year, the adjusted budget and actual expenditure in the current year?	✓		Included as appendix H(i)(ii) – pg. 132-133
35.	Is an Appendix N on all capital projects in the current financial year, indicating the adjusted budget, actual in the current year and the variance?		✓	All capital projects with adjusted budget, actual budget and variance was included in chapter 3
36.	Is an Appendix O included on all capital projects per ward in the current financial year and if the work was completed or not?		✓	FBDM does not have wards
37.	Is an Appendix P included on service connection backlogs at schools and clinics with their names and location?		✓	FBDM does not have wards
38.	Is an Appendix Q included with all service backlogs experienced by the community where another sphere of		✓	FBDM does not provide direct services to community

No	Question	Yes	No	Comments
	government is responsible for providing the service?			
39.	Is an Appendix R included listing all organisations or person in receipt of loans and grants; from the municipality stating the nature of the projects funded, conditions attached and the rand value?	✓		Included in appendix I (pg. 134)
40.	Is an Appendix S included listing all monthly MFMA S71 budget statements not submitted in time?		✓	All section 71 reports for the year were tabled to council and adopted.
41.	Is an Appendix T included for powers and functions not covered in other sections of the annual report?		✓	All powers and functions included in annual report
VOLUME 2				
42.	Have all components of the audited financial statements, as signed by the auditor-General, been included in the annual report in Volume 2?	✓		

4. OBSERVATIONS

No public inputs were received by the municipality in response to the invitation for comments on the draft annual report for 2022/2023 placed in a local newspaper on 21 December 2023 and the FBDM website.

5. RECOMMENDATION

The Committee recommends that Council approves the 2022/23 annual report without reservations.

- End -